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STUDIES ON THE ORIGIN OF THE FRENCH
ECONOMISTS.

The French school of thinkers, which preceded and influenced in so marked a manner the British originators of systematic economics, and which in consideration of its recent revival is rendered still more interesting, has hitherto been judged in a most contradictory manner. "Their method and fundamental ideas were negative," says Mr. Ingram, "resting, as they did, essentially on the basis of the *jus naturae*."* On the other hand, however, an authority no less respectable than the late Professor Jevons declares that "the truth is with the French school, and, the sooner we recognize the fact, the better it will be for all the world."†

It would be almost as difficult to reconcile these divergent opinions as to arrive at a definite conclusion through the known works of the physiocratic school. The followers of Quesnay, jealous of their prestige, purposely concealed the circumstances which led to the development of their science and endowed it with its characteristic method. They declared that about the year 1750 two ingenious men, Quesnay and Gournay, had asked themselves "whether the nature of things did not tend towards a science of political economy, and what the principles of this science were." The task of specifying this "nature of things" they, however, left to posterity, unconscious that the superficial attire of their theories might some time be mistaken for their essence.

The discovery of some manuscripts and letters of Quesnay, the leader of the school, have rendered me doubtful as to whether the historians of political economy have hitherto done justice to the methods and intentions of the French economists. I have elsewhere given copious extracts from the manuscripts in question,‡ and am gratified now to have an opportunity of exhibiting to an Anglo-American public the results which my researches have yielded.

* *A History of Political Economy*, p. 57.

† *Theory of Political Economy*, p. xlivi.

‡ *Jahrbücher für Nationalökonomie und Statistik*, N. F., Bd. xxi., August, 1890, "Zur Entstehung der Physiokratie."

Two years ago, Professor A. Oncken, of Bern, re-edited the works of Quesnay, affirming that the celebrated *Tableau Economique* was lost forever; and, moreover, he was unable to find the articles "Hommes," "Impôt," and "Intérêt de l'Argent," which, like the well-known articles "Fermiers" and "Grains," Quesnay had written for the great *Encyclopédie*, but which he had withdrawn when the latter work was forbidden by the government in 1757. Professor Alfred Stern, of Zürich, who was just preparing his *Life of Mirabeau*, expressed in a criticism of Oncken's edition the opinion that at least fragments of the *Tableau Economique* might be found among the papers of Mirabeau the elder in the Archives Nationales at Paris. My friend, the historian, Dr. Ludo Moritz Hartmann, of the University of Vienna, drew my attention to these observations; and, when studying the history of economics at Paris, I found the following documents: the original manuscript of the first edition of the *Tableau*; a second edition printed in three copies; a series of letters of Quesnay to Mirabeau, explaining his economical and political ideas; and a manuscript copy of Cantillon's *Essai sur la Nature du Commerce en Général*. Encouraged by these discoveries, I investigated the catalogue of manuscripts in the Bibliothèque Nationale. There I found the article "Hommes." All my further researches have hitherto proved fruitless; but I regard the new materials as a sufficient justification for venturing a view different from the one commonly accepted concerning the rise and methods of economics in France.

The article "Hommes" is a statistical, historical, and theoretical inquiry into the subject of population, its distribution and its decreasing tendency, and into the causes of the latter phenomenon. By a careful estimate, the author arrives at the conclusion that an artificial policy had drained the people from the country into the towns, by depriving them of their means of subsistence. Fiscal extortion, occasioned by the military policy of Louis XIV. and the favor bestowed upon the towns in providing cheap bread, had caused great agricultural distress. He shows that high prices accompanied the development of agriculture in England, whereas low prices changed the farmers of France into retailers and servants.

The stress laid upon English agriculture by Quesnay induced me to further investigations upon that point. I found that the new methods of agriculture which were introduced in England about the year 1730 by Jethro Tull, Coke, and Viscount Townsend, had produced the greatest sensation in France. Duhamel du Monceau had systematized in 1750 the "New Horsehoeing Husbandry" of Tull, and among the French landed proprietors who availed themselves of these innovations was the royal physician, François Quesnay.* His practical experience as an agriculturist gave him, it is natural to suppose, a most vivid insight into the distress of his neighbors, who from want of capital were unable to compete with their wealthier rivals. At the same time, his theoretical superiority over his predecessors was largely due to his knowledge of English economics. The works of Locke and Law had indeed influenced French economists like Mélon and Dupré de St. Maur.† But Cantillon's work was almost exclusively the source of the physiocrat doctrine that the application of capital to agriculture is the sole fountain of all wealth. Besides this last representative of English physiocracy, which was to a good extent a development of mercantilism,‡ Hume's essays (translated in 1754 into French) gave a proof of the futility of the reigning doctrine of the balance of trade. But his theory of the creation of wealth by labor, the outcome of Sir William Petty's doctrine of its production by population, which Cantillon had accepted and Mirabeau had subsequently introduced into his *Ami des Hommes* (1756), was refuted by Quesnay. For in France capital was wanting, and the increase of population seemed to be the consequence, and not the cause of it. This divergence from the English doctrine is therefore to be ascribed to his observations, as set forth in his articles.

* His successful experiments are described by Henry Patullo, *Essai sur l'Amélioration des Terres*, 1758, p. 77.

† In the *Ephémérides du Citoyen* for 1769, ix., p. 67, Dupont de Nemours regrets that the wise principles and truths found in the works of Culpeper, Locke, Decker, Child, and especially Josiah Tucker, had not become known earlier.

‡ In an article on Cantillon, in the forthcoming *Dictionary of Political Economy*, edited by Mr. R. H. Inglis Palgrave, I shall introduce such proofs as will indicate his English nationality.

The inference he drew was a negative one indeed: that all economic reform must commence with putting aside all restrictions on the exportation of corn, which occasioned a want of outlet and the ruin of the rural population. But such a negative programme could not be prescribed as a cure for another national distress,—the financial confusion. Machault, the controller of finances of 1750, was unable to create order, and after him Silhouette gave a fatal blow to public credit. His successor in 1760 found the treasury empty. One *vingtième* was raised after another. The parliaments protested in vain against government vexations, but, in spite of the public calamity, were unable to recommend other measures than “economy in the necessary expenses.”

Plans of financial reform, especially concerning the *taille*, had been modelled a long time before. The levelling and centralizing tendency of Louis XIV.’s administrative policy had given its stamp to most of them. One of the first of these “systems,” the *dîme royale* of Vauban, exhibits the advantages of a tenth upon all estates whatever. Other financial reformers were De la Jonchère, Law, Boulainvilliers, St. Pierre, and D’Argenson. But their projects, even when introduced, like St. Pierre’s, proved failures. They were not founded upon a scientific knowledge of the objects to be taxed, and, when calculated to remove the load from one class of tax-payers, proved oppressive to another. But a doctrine of taxation had been developed by Quesnay in his articles in the *Encyclopédie*. He had calculated the amount and productivity of capital necessary to obtain a sound state of agriculture. Capital, therefore, in its application to agriculture, was to him the only means of obtaining a taxable net produce. By means of this theory of income he could proceed to build a natural system of finances, not an arbitrary one, like that of his predecessors.

The letters accompanying the *Tableau Economique*, which Quesnay sent to Mirabeau, show that such was the original character of the physiocratic system. “I have tried,” he says, “to make a fundamental tableau of the economic system [*de l’ordre économique*], in order to represent consumption and production in a manner easy of comprehension, and to

permit of a clear judgment of the arrangements and disorders the government is capable of producing in it." After reflecting upon the present state of financial affairs, and the advice of the parliaments already mentioned to make "economies in the necessary expenses," he concludes with saying that "a fearful crisis would come, and there would be need of remedies."

The *Tableau Economique* (first edition in manuscript) consists of three columns. The first represents the productive capital, amounting to 400 livres. This yields a net produce of 400 livres, a hundred per cent., as English agriculture is supposed to do. This enters into the second column. In the third column the sterile investments, which contribute nothing beyond their own cost of reproduction, are assumed to be 200 livres. The revenue of the landed proprietors (the net produce in the second column) distributing itself equally into the sums of 200 livres towards both sides, its farther distribution may be traced by farther subdivision unto the last *sol*.

He computes that twelve million men could live on 600 million livres reproduced in this manner. Taxes are among the sterile expenses. "They fall either on the landed income, upon the advances of the farmers, or upon consumption. In these latter cases, they are injurious, and diminish reproduction."

The premises of such a sound order of distribution are enumerated in a following chapter, entitled "Remarks on the Variation of the Distribution of the Nation's Yearly Revenues." In a letter, Quesnay recommends to Mirabeau the perusal of the second edition of the *Tableau*, of which he sends one of the three existing copies. In this edition, he assumes a revenue of 600 livres; "for a revenue of 400 livres was too meagre a portion to set out from, resembling, as it did too closely, the distressing condition of our poor inhabitants in this realm of atrophy and *marasme*, which, most unluckily, is subject to the treatment of a physician, who, without the application of restoratives, is not sparing of bleeding and fasting." Besides this difference, there is a difference in the title of the following chapter. Instead of "Remarks on the Variation of the Distribution of a Nation's

Yearly Revenues," it is entitled "Extrait des *Economies Royales* de M. de Sully." Considerably increased in matter, these remarks are known as the catechism of the physiocratic school, under the title "Maximes générales du gouvernement économique d'un royaume agricole," a name which appeared for the first time in the *Philosophie Rurale*, page 280 (1763).

A second part is also introduced by a *Tableau Economique*, which is interpreted at length, ("Explication du Tableau Économique"). It is an inquiry into the kinds and sources of expenses, of advances, their distribution, effect, reproduction, their relations reciprocally and to population, agriculture, industry, commerce, and to the general riches of the nation. It closes with an attempt at estimating the latter in a nation where the proprietors enjoy a revenue of 600 livres. The calculation reaches the sum of fifty-five to sixty thousand millions of livres for both productive and sterile classes. Such a happy economic state is not to be attained so long as the following circumstances prevail: 1. A bad system of taxes falling upon the advances, in connection with which the axiom should be held in view, *noli me tangere*; 2. Burdensome costs of raising the taxes; 3. Excess of outward luxury; 4. Excess in law-suits; 5. Want of outlet for the produce of the land in foreign trade; 6. Absence of freedom in production and domestic trade; 7. Personal vexations inflicted on the rural population; 8. Failure of the net produce to return to the class of productive expenses.

This rapid sketch of the first systematization of political economy shows that the imperfect state of its development was the real cause of the secrecy with which its author withheld it from the public. But posterity takes, perhaps, a more impartial interest in these endeavors and into the methods which they display.

The *Tableau Economique* was the point of departure for all farther works produced by the school. The Marquis of Mirabeau made a long commentary on it, which was published as the fifth and sixth parts of his *Ami des Hommes*, 1760; but its most extensive development appears in the *Philosophie Rurale*. Both works were composed under the continual

supervision of Quesnay, who even wrote some chapters himself. In this latter work, he intended to apply the mathematical method to economics. Mirabeau opposed the introduction of such "hieroglyphics." His inexorable master, however, strictly denied economics the character of a science, if not following the mathematical method. "Qui dit ménage, dit calcul." He admitted himself only to be interested in results derived by calculation, and capable of forming a compendium of science; it should be the task of his school to extend and apply these results by his speculative reasoning. Some years later he modified his views, preferring a method more easily accessible to common intellects. It seems that the desire of propagating the practical tenets of his doctrines induced him to change his position in this manner. At the same time he was desirous of exposing the political tendencies of his doctrines.

It has always been an object of amazement that a school of free traders should have eulogized an absolute authority. But the physiocrats, it must always be remembered, were a court party, though a radical one. The direct criticism of existing abuses and freedom of language were forbidden them. The only way open to reformers was to oppose to arbitrary power a higher one,—the laws of nature. "These principles," says Quesnay in a letter to Mirabeau, "are not the principles of honest people; but they are their last anchors against the abuse of power. On one side is feebleness, on the other is blindness." This, therefore, is the true origin of their *jus naturae*.*

Failure in a certain degree undoubtedly attended the efforts of the economists: their chimerical political constructions have sunk into oblivion. But in the most flourishing period of their literary activity, while inquiring into the nature and functions of capital in a farmer's productive and household expenses, Adam Smith had made their acquaintance; and he owes in great part to them that systematic turn of mind, the want of which had hitherto caused the failure of all

* For a careful analysis of the *droit naturel*, in the sense in which the term is used by the physiocratic school, see Professor Huxley's article on "Natural Rights and Political Rights," in the *Nineteenth Century* for February, 1890.

attempts in the direction of a system of political economy in England.

Were, then, the method and fundamental ideas of the physiocratic school negative? and did they essentially rest on the basis of the *jus naturae*, as is supposed by many eminent authorities? Was it not rather methodical observation from which they proceeded? Did they not order the collated facts according to their causes? and did they not try to form a system of economics which, in their opinion, agreed with the sound state of a highly civilized country? And is not this the very same method of proceeding which has since, though often abandoned by theorists, always proved successful, when applied?

If these questions should not be answered negatively, I think a study of the physiocratic writings under discussion would be not merely a matter of curiosity

STEPHAN BAUER.